



## ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

*Committed to excellence in health care*

Jane Dee Hull  
Governor

May 27, 1999

Phyllis Biedess  
Director

Rick Fenton  
Deputy Director of Family and Children's Health Programs Group  
Health Care Financing Administration  
7500 Security Boulevard  
Baltimore, MD 21244

Richard Chambers  
Associate Regional Administrator  
Health Care Financing Administration  
Medicaid State Operations Branch  
75 Hawthorne Street, 5<sup>th</sup> Floor  
San Francisco, CA 94105

Dear Mr. Fenton and Mr. Chambers:

Enclosed is the amendment to Section 8.1 of Arizona's Title XXI State Plan which adds monthly premiums for families with income above 150% of FPL.

If you have any questions concerning this amendment, please contact Lynn Dunton at (602) 417-4447.

Sincerely,

Phyllis Biedess  
Director

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Attachment

**Section 8      Cost Sharing and Payment (Section 2103(e))**

☐

**Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 9.**

**8.1      Is cost sharing imposed on any of the children covered under the plan?**

**8.1.1      ☒**

**Yes**

**8.1.2      ☐**

**No, skip to question 8.5.**

**8.2      Describe the amount of cost sharing and any sliding scale based on income: (Section 2103(e)(1)(A))**

**8.2.1 Premiums:**

On October 1, 1999, AHCCCS will begin imposing monthly premiums on families whose income exceed 150 percent of the FPL. On this date AHCCCS will also raise the income eligibility level to 200 percent of the FPL.

AHCCCS worked collaboratively with KidsCare stakeholders to develop the premium billing proposal based on these goals:

- Insure more children.
- Promote accountability and responsibility.
- Notify KidsCare members of their premium rights and responsibilities.
- Reduce administrative costs and implement a simplified system.
- Have a process that is clear and understandable to the members.

The following is the premium billing and collection process:

- Payments will be accepted on a monthly basis.
- The cost sharing methodology will not favor children from families with higher incomes over families with lower incomes.
- AHCCCS will monitor the number of persons who are disenrolled due to nonpayment of premiums and notify KidsCare members about their premium rights and responsibilities.

- The first monthly premium is not required prior to initial enrollment in the program.
- All premium payments are due by the 15<sup>th</sup> day of each month of enrollment.
- If the payment is not made by the due date, a past due notice will be sent with a request for payment no later than the last day of the month.
- If the payment is not received by the 15<sup>th</sup> day of the second month, a ten-day discontinuance letter will be mailed. Services will be terminated if the delinquent payment is not received the end of the second month. If AHCCCS receives the delinquent payment prior to the end of the second month, there will be no break in coverage.
- Persons will be re-enrolled if all outstanding balances are paid and an updated application is submitted.

The premium amounts are:

#### PREMIUM AMOUNTS

<b>Federal Poverty Levels (FPL)</b>	<b>1<sup>st</sup> Child</b>	<b>More than 1 Child</b>
Above 150% - 175.00%	\$10.00	\$15.00 Total
Above 175% - 200.00%	\$15.00	\$20.00 Total

**8.2.2 Deductibles:** Not applicable

**8.2.3 Coinsurance:** Not applicable

**8.2.4 Other: Copayments**

The AHCCCS Administration will only impose a copayment on the non-emergency use of the emergency room.

**8.6 Describe how the public will be notified of this cost-sharing and any difference based on income:**

Information about cost sharing will be included in the following:

- Outreach and application materials.
- Member handbooks provided by KidsCare contractors.
- *Arizona Administrative Register* and other rulemaking activities conducted by the AHCCCS Administration.

**8.4 The state assures that it has made the following findings with respect to the cost sharing and payment aspects of its plan: (Section 2103(e))**

**8.4.1 ☒ Cost sharing does not favor children from higher income families over lower income families. (Section 2103(e)(1)(B))**

**8.4.2 ☒ No cost sharing applies to well-baby and well-child care, including age-appropriate immunizations. (Section 2103(e)(2))**

**8.4.3 ☐ No child in a family with income less than 150% of the FPL will incur cost sharing that is not permitted under 1916(b)(1).**

The AHCCCS Administration will impose a copayment on the non-emergency use of the emergency room.

**8.4.4 ☒ No Federal funds will be used toward state matching requirements. (Section 2105(c)(4))**

**8.4.5 ☒ No premiums or cost sharing will be used toward state matching requirements. (Section 2105 (c)(5))**

**8.4.6 ☒ No funds under this title will be used for coverage if a private insurer would have been obligated to provide such assistance except for a provision limiting this obligation because the child is eligible under this title. (Section 2105(c)(6)(A))**

**8.4.7 ☒ Income and resource standards and methodologies for determining Medicaid eligibility are not more restrictive than those applied as of June 1, 1997. (Section 2105(d)(1)).**

**8.4.8 ☒ No funds provided under this title or coverage funded by this title will include coverage of abortion except if necessary to save the life of the mother or if the pregnancy is the result of an act of rape or incest. (Section 2105(c)(7)(B))**

**8.4.9 ☒ No funds provided under this title will be used to pay for any abortion or to assist in the purchase, in whole or in part, for coverage that includes abortion (except as**

described in section 8.4.8, above) (Section 2105(c)(7)(A))

- 8.5 Describe how the state will ensure that the annual aggregate cost-sharing for a family does not exceed 5 percent of such family's annual income for the year involved: (Section 21039(e)(3)(B))**

Families will be advised that the total cost sharing under KidsCare can not exceed five percent of the families' income. Families will be advised to contact AHCCCS if the total cost sharing will exceed the five percent limit. Upon notification, AHCCCS will make changes to the system to stop the imposition of monthly premiums and advise the family that they do not have to a \$5.00 copayment if they use the emergency room for a non-emergency condition. Although AHCCCS will have safeguards in place to ensure that the families do not pay more than the five percent limit, the agency believes that this will not be an issue. For example, a family of four with income between 150% and 175% of FPL, with two children enrolled in the program, would have to make 156 visits to the emergency room while paying the family premium of \$15 a month. Families with higher income levels are even less likely to exceed the five percent limit.

- 8.6 The state assures that, with respect to pre-existing medical conditions, one of the following two statements applies to its plan:**

- 8.6.1 ☒ The state shall not permit the imposition of any pre-existing medical condition exclusion for covered services (Section 2102(b)(1)(B)(ii)); OR**
- 8.6.2 ☐ The state contracts with a group health plan or group health insurance coverage, or contacts with a group health plan to provide family coverage under a waiver (see Section 6.3.2. of the template.) Pre-existing medical conditions are permitted to the extent allowed by HIPAA/ERISA (Section 2109(a)(1), (2)). Please describe:**